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Intergovernmental Preparatory Committee for
the Third United Nations Conference on the
Least Developed Countries
First session
New York, 24 July 2000
Agenda item 7

DRAFT REPORT OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE ON ITS FIRST SESSION

New York, 24 - 28 July 2000

Rapporteur: Mr. R. T. Dogani (United Republic of Tanzania)

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INTRODUCTION

1. The Intergovernmental Preparatory Committee for the Third United Nations Conference on the Least Developed Countries held its first session at United Nations Headquarters, New York, from 24 to 28 July 2000.

Opening statements

2. The **Secretary-General of UNCTAD** and of the Conference said that the central question to be addressed was the 20-year-old credibility problem over commitments to reverse the increasing marginalization of LDCs and put them on a sustainable development path. The fact that the two Programmes of Action had not been implemented had led the LDCs to ask themselves quite legitimately why they should place their faith in a third Conference and yet another global programme of action. The greatest challenge for the international community was therefore to deal with the credibility gap and the growing frustration of the world's poorest countries.

3. In taking up that challenge, it would be important to avoid revisiting issues that had been exhaustively discussed at earlier UN Conferences, including UNCTAD X. The real problem was lack of political will to pursue the implementation of the commitments entered into at those Conferences. It would also be important to develop a pragmatic vision of a set of concrete, action-oriented or implementable commitments that would result in tangible benefits in each of the LDCs, based on a genuine partnership. The inputs provided by country-level preparations would help achieve results that responded to the concerns of individual countries. Agreement would have to be secured on mechanisms to oversee and monitor the realization of the commitments in the identified critical areas, and this would require a multi-stakeholder approach. The creation of such mechanisms would be a major achievement, providing an innovative response both to the credibility problem and to the LDCs' frustration about the impact of development cooperation. And finally, it would be important to ensure effective country-level implementation of the Conference outcomes, since the work between global commitments on international support measures and country development objectives had been a key factor in the failure of the two previous Programmes of Action.

4. In the course of the country preparations, a number of expectations had emerged on the part of LDCs. They wanted to reduce the structural handicaps that hindered improvement of their economies; to reduce their economic vulnerability with a view to seizing new economic opportunities; to facilitate the involvement of all actors – governments, the private sector and civil society at large; and to establish a post-Conference follow-up mechanism to ensure that for each LDC the national programme of action would be able to translate a new package of commitments into actual benefits.

5. A result-oriented Conference implied innovation in both substance and process. It meant organizing several well-focused forums aimed at promoting specific programmes and initiatives in such areas as health (HIV/AIDS), infrastructure development, food security, city-to-city cooperation and electronic commerce. Long-standing issues such as promoting investment in LDCs, debt relief and ODA would involve eliciting specific commitments from various development partners, private sector entities and civil society at large. The prerequisite for collective success would be to endow LDCs with genuine and proactive ownership of the policies, measures and initiatives to emerge from the Conference.

6. The **Chairman** said it was encouraging to note that serious efforts had been made to involve all stakeholders in the preparatory process for the Conference in a manner that would enable them to have a sense of direct ownership of the outcome of the Conference and full involvement in the implementation of its results. The emphasis being put on comprehensive and participatory country-level preparation was particularly welcome, each country had its own national peculiarities, potential and opportunities.

7. Over a period of 30 years, the number of LDCs had increased to 48. The traditional obstacles to development in LDCs had been further exacerbated by the ongoing processes of globalization and liberalization and two decades of international action in favour of LDCs had not led to significant progress in transforming the economies of these countries. The LDCs could not derive appropriate benefits from the ongoing processes of globalization and liberalization unless radical interventions were made to improve their productive capacity and overcome other supply-side constraints.

8. The above state of affairs raised a number of questions: Why a Third Conference on LDCs? What was going to be different this time? Was there a risk of raising expectations which could not be met? Was there a danger of perpetuating a dependency mentality? What about Conference fatigue? The Preparatory Committee should seek to provide meaningful answers to these questions, and there were reasons for optimism. A number of LDCs had continued to implement and sustain sound macroeconomic policies in a context of pluralism, improved governance and stability. Some had achieved significant success in expanding and diversifying their economic base and improving social indicators. There had also been encouraging developments as far as international support measures were concerned. A number of developed countries had consistently met and surpassed the ODA targets contained in the Programme of Action, and there had been positive developments on the debt question. There was a growing consensus that the debt of LDCs was unsustainable, and decisive and immediate action was required.

9. Finally, an important issue which should be thoroughly examined during the preparatory process for the Conference was the adequacy and effectiveness of implementation, follow-up and monitoring mechanisms at the country, regional and global levels.

10. The **spokesman for the Group of 77 and China (Nigeria)** underscored the fact that the Third United Nations Conference on the Least Developed Countries was an undertaking of the entire international community. Despite their best efforts at economic reform, the LDCs had been unable to meet their goals, including that of poverty reduction. That failure was morally unacceptable and should impel the international community to redouble its support for the LDCs. The new Programme of Action for the LDCs should be flexible enough to adapt to future changes in the global economy and within LDCs themselves, including developments in information and communications technologies and biotechnology; and it should take account of the outcome of major international conferences and summits, as well as of social and political developments and such phenomena as natural disasters and disease. The new Programme must be concrete and practical, with clear and measurable targets and a time-frame for implementation.

11. International support measures remained necessary to jumpstart the LDCs' economies. Official development assistance (ODA) would continue to play a key role in financing development of LDCs and should be targeted in such a way as to make a difference to livelihoods and leverage enhanced growth and development. He expressed support for the goals of quota-free and duty-free access for all exports of LDCs and for measures to overcome supply-side constraints that made it difficult for them to compete. While the highly indebted poor countries (HIPC) initiative had made a positive contribution to the debt issue, the international community must ensure that the initiative was fully funded and more easily accessible; at the same time, more work needed to be done on the issue of sustainability of LDC debts. In order to leverage foreign direct investment flows to the LDCs, a participatory approach was needed within the framework of cooperative and innovative arrangements involving Governments, the public and the private sector.

12. The **Coordinator of the LDCs (Bangladesh)** noted that, since the adoption of the Programme of Action for the 1990s, there had been major changes in political paradigms and significant breakthroughs in communications and technology which had brought about sweeping changes in the way business was done. The wealth created by globalization had unfortunately not benefited the LDCs. They had been bypassed in trade, investment and capital flows, and continued to witness extreme levels of poverty and declining standards of living. He expressed satisfaction that the international community was united in its view that comprehensive and concrete measures were required to reverse the plight of LDCs. The biggest challenge, however, was to transform this general intent into true political commitments.

13. It was accepted that the onus lay on LDC Governments to design, implement and follow up on programmes of socio-economic development, but even in cases where LDCs themselves had made great efforts, those were not recognized, and commensurate international support measures had not been forthcoming. The diverse efforts made by LDCs in implementing the 1990s Programme of Action and the severe problems they were confronted with included: implementation of structural adjustment programmes, often with considerable human and social costs; opening up of markets, often without

addressing structural constraints and institutional weaknesses; measures to create an environment conducive to investment, despite low domestic savings and resource mobilization; overwhelming dependence on agriculture, low export diversification and inability to access world agricultural markets on favourable terms; a narrow manufacturing base, and tariff and non-tariff barriers to exports of LDCs; difficult geophysical characteristics, such as lack of physical infrastructure, inadequate communication facilities, and excessive transport costs; and low levels of human resource development.

14. LDCs' development efforts must be complemented by support measures to make resources available in support of LDCs' development policies and to ensure an effective partnership between LDCs and their development partners. Priority areas which needed to be given consideration by the Preparatory Committee included the reorientation of aid programmes, in particular the fulfilment of commitments undertaken by donors with regard to ODA flows in favour of LDCs (0.15 to 0.20 per cent of GNP as ODA); a decisive reduction of the debt burden of LDCs and complete debt cancellation to release resources for human and social development; increased FDI flows to LDCs in strategic sectors; quota-free and duty-free market access for all products from all LDCs; addressing supply-side constraints of all LDCs, including infrastructure and institution and capacity-building; and eradication of poverty in LDCs.

15. He hoped that the deliberations in the Committee would result in strong, concrete and realizable commitments and the generation of political will to honour those commitments. He expressed his appreciation to the UNCTAD secretariat and in particular the Office of the Special Coordinator for Least Developed, Land-locked and Island Developing Countries for its role in the preparatory process for the Conference and looked forward to its continued substantive support.

16. The **representative of France, speaking on behalf of the European Union, as well as Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Cyprus and Malta**, said that the Third LDC Conference provided a unique opportunity, on the one hand, to adapt the action of the international community to the needs and expectations of LDCs, and on the other hand, to provide LDCs with the opportunity to analyse their internal development constraints and take ownership of their development process. Good governance, namely transparent and democratic management of public affairs by accountable national institutions, was as important as an international environment favourable to sustainable development. The EU was committed to the success of the Conference, which should focus on poverty eradication, with the target of reducing absolute poverty by half by the year 2015. The involvement of the EU in favour of ACP countries, many of which were LDCs had been reflected since 1975 in the various Lomé Conventions, and had found a new start with the signing of the recent Cotonou Convention. In order to achieve concrete results, the Conference should identify a limited number of objectives. Furthermore, LDCs should be actively involved throughout the preparation process and in the Conference itself. Civil society should also be actively involved. Regional economic integration initiatives, essential to economic growth and synergies between neighbouring countries, were being

supported by the EU. However, the one-size-fits-all approach should be avoided in development cooperation, and LDCs should be dealt with individually, based on their specific needs. Finally, the European Union was committed to participating in the Preparatory Committee constructively, and the EU hoped the final act of the Conference would be concise and operational.

Chapter IV

ORGANIZATIONAL MATTERS

A. Opening of the session

1. The first session of the Intergovernmental Preparatory Committee for the Third United Nations Conference on the Least Developed Countries was opened at United Nations Headquarters, New York, on Monday, 24 July 2000, by Mr. Rubens Ricupero, Secretary-General of the Conference.

B. Election of officers
(Agenda item 1)

2. At its first plenary meeting, the Preparatory Committee elected its officers as follows:

Chairman:	H.E. Mr. Jacques Scavée (Belgium)
Rapporteur:	H.E. Mr. Richard T. Dogani (United Republic of Tanzania)
Vice-Chairmen:	Mr. Aho Glele Edouard (Benin)
	H.E. Mr. Bjorn Skogmo (Norway)
	H.E. Mr. Pierre Lelong (Haiti)
	Mr. Sandor Mozes (Hungary)
	Mr. Yuji Kumamaru (Japan)
	H.E. Mr. Alounkeo Kittikhoun (Lao People's Democratic Republic)
	H.E. Mr. Subhas Chandra Mungra (Suriname)
	Mr. Richard T. Dogani (United Republic of Tanzania)

3. The Committee decided that H.E. Mr. Philippe Petit (France), President of the Trade and Development Board; Madame Catherine Gras of France, holder of the Presidency of the European Union, host to the Conference; H.E. Mr. Anwarul Chowdury (Bangladesh), Coordinator for the LDCs; the Regional Coordinators; and China would be fully associated with the work of the Bureau.

4. It further decided that, if it decided to establish working groups, the Chairmen of such working groups should be chosen from among the eight Vice-Chairmen.

C. Adoption of the agenda and organization of work
(Agenda item 2)

5. At its first plenary meeting, the Preparatory Committee adopted its agenda, as orally amended (for the agenda as adopted, see annex I).

6. At the same meeting, the Preparatory Committee agreed to the organization of work as proposed in document A/CONF/191/IPC/1/Add.1, with the following adjustments: the programme for Thursday would be taken up on Tuesday, with the programmes for Tuesday and Wednesday rescheduled accordingly; and the interactive debates would take place in informal sessions.

Annex I

AGENDA

1. Election of officers

2. Adoption of the agenda and organization of work

3. Substantive preparations for the Conference

   (a) Review of progress in the preparatory process for the Conference

   (b) Assessment of progress in the implementation of the Programme of Action during the 1990s

4. Provisional agenda and organization of work for the Third United Nations Conference on the Least Developed Countries

5. Provisional rules of procedures for the Conference

6. Other business

7. Adoption of the report of the Intergovernmental Preparatory Committee

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DRAFT REPORT OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE ON ITS FIRST SESSION

New York, 24 - 28 July 2000

Rapporteur: Mr. R. T. Dogani (United Republic of Tanzania)

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Chapter I

SUBSTANTIVE PREPARATIONS FOR THE CONFERENCE

(Agenda item 3)

6 (a) Review of progress in the preparatory process for the Conference

1. The **Executive Secretary of the Conference** said that, with regard to regional-level preparations, three expert-level preparatory meetings had been held in Addis Ababa for English-speaking African LDCs (27-29 March), in Kathmandu for the Asia and Pacific LDCs (3-5 April) and in Niamey for French-speaking African LDCs and Haiti (18-20 April). The meetings had reviewed progress in the implementation of the Programme of Action for the 1990s and other substantive issues. With regard to global-level preparations, the major concern was how to succeed in the area of advocacy and publicity; support for the commitments to be negotiated must be secured in advance with different constituents. Ownership of the process should be encouraged for both LDCs and their development partners, who also needed to create national preparatory mechanisms to secure support for the global commitments to be adopted at the Conference. With regard to inter-agency consultations, the third Inter-agency Meeting, held on 20 July in New York, had identified areas where agencies could make contributions. The indicative thematic and/or sectoral topics included: governance, peace and stability; the challenge of financing growth and development in LDCs; overcoming marginalization and enhancing LDCs' productive capacities through trade and investment; and enhancing programme implementation and performance through the establishment of an operational link between the global Programme of Action and the country-level programmes of action.

2. The third Consultative Forum, held in New York on 21 July, had provided a medium for interfacing and consensus-building between United Nations bodies and other stakeholders. The importance of advocacy and the need for adequate financing for the preparatory process had been emphasized at the Forum.

3. The LDC III secretariat was also reaching out to civil society, including non-governmental organizations and the private sector. The Liaison Committee for Development NGOs to the European Union would be the focal point and the convenor of NGO activities for the Third United Nations Conference on LDCs. An NGO steering group composed of European NGO network and Belgium umbrella NGOs was currently finalizing different aspects of NGO activities which would take place as parallel events during the LDC III Conference. An NGO Forum taking place in New York from 24 to 26 July was considering possible NGO activities and assignments.

4. With regard to advocacy and promotion for the Conference, the LDC III secretariat and DPI had elaborated a strategy to mobilize grass-roots involvement, build confidence, and increase public awareness to mobilize greater support. The Secretary-General of the Conference had requested the UN Postal Administration to issue a special stamp for LDC III.

5. Consultations with the Government of Belgium and the European Commission had been launched with the visit of the Secretary-General of the Conference to the President of the European Commission in May, and views had been exchanged on policy and strategic aspects of the Conference.

6. Finally, in line with General Assembly resolution 52/187, the Secretary-General of the Conference had made every effort to raise extrabudgetary resources for the preparatory process. To date, support had been secured from the European Commission, Belgium, Finland, France, Italy, the Netherlands, Norway, Spain, Sweden and the Holy See. One third of the required total of US$ 16 million had been secured, and additional financial support was needed urgently.

7. The **Secretary of the Conference** presented the proposed structure and scenario for the Conference. He noted that the Conference would consist of two tracks, namely an intergovernmental track and a civil society track incorporating such components as: (a) the Committee of the Whole, which would be negotiating the text of the Programme of Action; (b) a series of interactive debates aimed at creating added value; (c) parallel events; (d) general statements broadcast on the Internet; and (e) exhibition and pavilions. With regard to the interactive debate, he indicated the proposed themes and the preparatory activities involved. He emphasized the linkages and potential synergies between the interactive debates, the parallel events, and the work of the Committee of the Whole. He also indicated the proposed nature of the NGO forum and how it was proposed to link up the forum with the proceedings at the Conference itself.

8. The **representative of the European Community** said that the Community had participated in all the Consultative Forum meetings and would host LDC III in the European Parliament and the NGO Forum in the Charlemagne building. Logistical preparations had begun following the visit to Brussels of the Secretary-General of the Conference, and the Commission needed to know whether the Preparatory Committee would accept the proposals relating to the structure and the organizational format of the Conference before proceeding on details. He urged LDCs to show early interest in participating in the exhibitions and indicated that funds to defray the participation of NGOs, the press and exhibitors from LDCs had been secured. At the same time as those efforts to make the Conference at the EC Brussels headquarters successful was going ahead, the EC delegations in the LDCs were contributing to national and regional LDC preparations for the bottom-up process proposed by UNCTAD. In this context the EC was co-funding the creation of the national support bodies and the contracting of national experts in charge of establishing the national programmes of action for the LDCs.

9. The **representative of Belgium** said this was the first time that a body of member States (the EU) was hosting a United Nations Conference. This unique circumstance brought with it issues of access to territory, hospitality, protocol and security, some of which were solely in the domain of Belgian territorial jurisdiction. Belgium would extend hospitality to dignitaries, host national events and welcome participants from NGOs and the press, and it would make further financial contributions to the preparatory process as needs were identified.

10. The **representative of Angola** asked what concrete steps had been taken by the secretariat to bridge the resource gap referred to by the Executive Secretary of the Conference. The proposal on a global new deal challenged Governments to enter into specific commitments.

11. The **representative of the European Union** found the structural and organizational proposals for LDC III to be generally acceptable. The European Union hoped for concrete, functional, action-oriented, measurable and adaptable outcomes. The primary ownership of the process by LDCs, working with their partners, could be demonstrated through the submission of country programmes of action, and the broad participation expected at the Conference, especially of civil society, could be translated into concrete and realistic initiatives.

12. The **representative of Bangladesh** urged the Conference to match the outcome of the Conference with its design. The outcome of the Asian regional group's consultation had already been taken into account in the national-level programmes of action which were before the Committee. The post-Brussels paradigm should address core issues in a concrete manner. He was concerned at the level of resources raised thus far and feared that preparations might be compromised. The required resources should be provided by donors before the question was addressed again at the next session of the General Assembly.

13. The **representative of Brazil**, while welcoming the progress made in the preparatory process, reminded the Committee of the credibility challenge that lay ahead of the international community and urged concrete responses to the major issues raised in the reports before the Committee. A successful outcome must be ensured, and the broad-based Conference design being proposed could be complemented by South-South approaches.

14. The **representative of the Central African Republic** welcomed the statements of the European Community, Belgium and the European Union. He hoped that the content and outcome of LDC III would take full account of fundamental developments since 1980. General information on LDC III arrangements, including arrangements for high-level attendance, would facilitate effective LDC participation.

15. The **Secretary-General of the Conference** said South-South cooperation arrangements were under serious consideration, as most developing countries belonged to common regional and subregional groupings. Those arrangements could, therefore, prove very useful in the areas of trade, investment and technical assistance. He stressed the importance of raising adequate funds to facilitate LDC participation.

16. The **representative of Nepal** urged that LDC III be a conference with a difference. The focus on the marginalization of LDCs in the process of globalization and the goodwill towards them should be converted into concrete actions in the new Programme of Action. He wondered whether the Conference should focus on a few salient areas or address a broad cluster of themes. Ensuring early financial support needed urgent attention, and the institutional arrangements for intergovernmental and secretariat follow-up also needed to be considered. Ultimately, as stated by the Secretary-General of the Conference, the international community would be judged by how it treated its most vulnerable group.

17. The **representative of the United Republic of Tanzania** appreciated the innovative character of the Conference, particularly the participatory approach to it. This marked a departure from the approach taken at the previous conferences, and therein lay its in-built insurance of broad support and success. The outcome of the assessment of the Programme of Action for the 1990s should feed into the overall mobilization of support for the Conference. He further stressed the need for early convergence of the governmental and non-governmental inputs into the Programme of Action. A mechanism for achieving this – from the parallel processes – needed clear articulation.

18. The **representative of South Africa** recalled the many problems that LDCs faced and that had led to their increasing marginalization. The Chairman of the Non-Aligned Movement, the Group of 77 and China, and the Organization of African Unity had presented a common position to the G-8 meeting in Okinawa on the external indebtedness of developing countries and the need to eradicate poverty. South Africa supported efforts to improve the socio-economic situation of LDCs and within the framework of SADC was working on a free trade agreement in Southern Africa which would recognize different levels of development and be asymetrical in favour of the less developed.

19. The **representative of UNESCO** supported the idea of thematic debates which were action and results-oriented.

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New York, 24 - 28 July 2000

Rapporteur: Mr. R. T. Dogani (United Republic of Tanzania)

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Chapter I

SUBSTANTIVE PREPARATIONS FOR THE CONFERENCE

(Agenda item 3)

(b) Assessment of progress in the implementation of the Programme of Action during the 1990s at the country level

1. The **Chairperson of the High-level Panel** established by the Secretary-General of the Conference informed the meeting that the seven-member Panel had been appointed with a general mandate to: assess the results of the Programme of Action for the LDCs for the 1990s at the country level; review the implementation of international support measures; and suggest appropriate contributions towards the new Programme of Action. The Panel members had visited a number of countries in Africa and Asia to gather perceptions of the Programme of Action by all stakeholders. Subsequent visits to donor capitals would follow. The first meeting of the Panel had taken place in Geneva in June 2000, and a follow-up meeting had taken place in New York in July to refine the Panel's mandate and define the scope, content and focus of its report.

2. On a preliminary basis, the Panel had established that: there was a lack of awareness on the part of LDC Governments of the content of the Programme of Action; dissemination to other stakeholders had been inadequate; difficulty had been encountered in coordinating with other Programmes of Action emanating from major United Nations Conferences, perhaps because of the proliferation of such outcomes; and weaknesses had come to light in human and institutional follow-up capacity. This notwithstanding, the Programme of Action had sometimes helped to focus action, even if the direct linkages with national plans remained tenuous. The Panel had also observed that international support measures fell short of needs.

3. Regarding the Programme of Action, it was couched in general terms, and this weakness should be remedied by clearly indicating benchmarks and targets to be achieved. It was also observed that the questionnaire used by UNCTAD to monitor progress at the country level was too lengthy and vague. The other problems identified related to too narrow a definition of stakeholders, and lack of clear recognition of the role of regional and subregional integration groupings. On the basis of these preliminary findings, the Panel had defined areas for detailed recommendations, including governance and institutions, poverty and national strategies for economic development, human resources development and the role of external actors. Finally, the Panel hoped that its contribution would provide a useful input into the unfolding intergovernmental process. The next meeting of the Panel would be held in New York in September.

4. The **Executive Secretary of the Conference** said that with regard to country-level preparations, 46 LDCs had been visited by the LDC III Conference secretariat, National Preparatory Committees (NPCs) had been established, and local resource persons mandated to provide substantive support to NPCs had been recruited. The EU had committed ECU 80,000 for each LDC, and some UNDP offices had expressed interest in providing additional funds. Bilateral and multilateral donors represented in LDCs had been requested to support the preparatory process.

5. To date, 19 draft country-level programmes of action had been presented. The new approach, involving a broad range of stakeholders and interaction with local-level development partners, was expected to enhance the integrity of such programmes and also facilitate their implementation. However, progress in the preparation of programmes was rather slow. The demands placed on Governments by different aid agencies were enormous, and funding problems had also arisen. In some cases coordination at the government level had not been effective enough.

6. The message that LDC III could reduce overlapping planning demands by bringing all the various initiatives together under a coordinated planning framework which could guide development activities and international support for the next 10 years had encouraged support for the preparatory process. The challenge was to ensure that that happened.

7. The issues paper prepared by the LDC III secretariat (A/CONF.191/IPC/12) shed light on the most critical constraints affecting the goals of the Programme of Action, and it contained proposals that could be considered as a broad framework for providing a new Programme of Action. The *LDC 1999 Report* revealed that the LDCs' poor performance in world trade was caused by their weak productive capacity resulting from a host of structural and other supply-side constraints. The *Trade and Development Report, 1999* emphasized that leaving global economic integration to markets had not helped reduce biases in the global system against the poor. Bold leadership, purposeful cooperation and compassion were essential ingredients if today's fragmented global economy was to give way to a century of peace and prosperity.

8. The **representative of Ethiopia** hoped that the Conference on the Least Developed Countries would serve as an occasion to renew the collective commitment and shared responsibility of the international community to reverse the continued socio-economic decline in LDCs. He expressed frustration that the economic situation of LDCs had shown no improvement since the adoption of the Paris Programme of Action for the LDCs for the 1990s. The factors behind that failure included lack of investible income, lack of export diversification, a plunge in commodity prices, negligible FDI flows, dwindling ODA and meagre domestic savings. The situation of the LDCs was further compounded by conflict, disease and recurring natural disasters. The paradox of the movement of development finance in the reverse direction was a matter of serious concern. While needs were continuing to mount over time, official sources of development resources were dwindling rapidly.

9. The debt burden of the LDCs had become unsustainable. However, the HIPC initiative was a major step in the right direction, and the recent debt cancellation and pledges of leaders of major creditor countries would also be of enormous help. The LDCs themselves had made substantial efforts in implementing macro-economic policy reforms in line with the Paris Programme of Action. He regretted the slow implementation of the Integrated Framework for Trade Related Technical Assistance for LDCs. To achieve sustainable growth in LDCs, national policy reform efforts must be accompanied by adequate and a predictable external economic environment.

10. The **representative of Bangladesh** supported the statement made by Ethiopia and welcomed the report of the High-level Panel. Referring to the common position adopted by LDCs at Sun City, South Africa, relating to market access and other issues, he underlined the need to address problems in a comprehensive manner and cited the Comprehensive New Plan of Action presented at Seattle by LDCs as a possible paradigm. The Integrated Framework needed to be resuscitated, and care was needed in the selection of projects. The range of stakeholders should also be expanded. He called for speedier release of resources to facilitate preparation of country papers, as some countries appeared to be facing difficulties in this respect.

11. The **representative of Japan** said that his country, as the largest donor of ODA to LDCs, was deeply committed to the success of the Conference. A new Programme of Action for the next decade must be realistic and bear in mind the importance of a sense of ownership by LDCs, the limited resources for development, and the need for coordination among development partners. The Programme of Action should be truly integrated into national development programmes and existing development policy coordination mechanisms, such as the round tables of UNDP and relevant groups of the World Bank. Regular monitoring and follow-up should be organized in order to ensure the effective functioning of national action programmes. Finally, the next Programme of Action for LDCs and national action programmes should adopt a more focused approach in setting targets based on priorities identified by the Governments of LDCs as well as by civil society.

12. The **representative of Norway** noted that the situation of LDCs and the upcoming Conference were of concern not only to UNCTAD and the United Nations system but to the international community as a whole. The LDC issue was crucial to reduce absolute poverty; ensure peace, stability and international security; promote human rights, global health, sustainable development and capacity-building; and to address the issues set out all in the important negotiated global documents. He supported the proposal that the elaboration of a new Programme of Action should be based on a bottom-up approach, beginning with country assessments and planning in order to establish genuine ownership. Although Norway still had to study the country reports in

detail, he believed that useful insights could be obtained therefrom. The full involvement and participation of all agencies was crucial, and the idea of establishing inter-agency task forces might be explored even in the preparatory process to lay the ground for an effective follow-up. The final product in Brussels should be an effective and integrated instrument.

13. The **representative of Nepal** said that LDC III should be a Conference with a difference. To achieve this, the Committee should seriously reflect on the difficulties encountered with the last two Programmes of Action. The assessment to be undertaken by the High-level Panel was very important, and the Panel would have to come up with specific recommendations to address the imprecise nature of the Paris Programme of Action. It should identify and prioritize a few important areas to ensure a realistic Conference outcome. It was equally important to address the weaknesses in institutional machinery, from the preparatory stage to follow-up and implementation.

14. The **representative of Zambia** said that Zambia had carried out far-reaching economic reforms and stabilized its macro-economic framework. This exercise had achieved some successes but was also beset by constraints and setbacks. The major unfavourable factors encountered during the 1990s had included: failure to diversify significantly into non-mining sectors; occasional disasters; application of austerity measures; overhang of large and unsustainable debts; low domestic savings; and declining investment, especially in the productive sectors. These factors had left Zambia with a deteriorating general infrastructure; a weak private sector; a huge and unsustainable debt-burden; and a high level of poverty. These factors and the high prevalence of HIV/AIDS and other diseases were concerns that needed to be addressed urgently. Zambia would be implementing appropriate poverty reduction strategies and promoting good governance, but it would require supportive external measures to build up its productive capacity and access information, technology and markets. It was also necessary to ensure regional peace as a precursor of economic growth, and the Government of Zambia had made conflict resolution and peaceful mediation a major element of its foreign policy. Finally, LDC III offered the opportunity for development partners to spell out a concrete and practical strategy to turn all WTO Agreements into instruments capable of transforming the productive capacity of LDCs.

15. The **representative of Angola** stressed the importance of the mobilization of external resources. Good governance, democratization, human rights, the promotion of women, and corruption were important matters, but they were domestic issues and should not serve as artificial barriers or as pretexts for shutting off financing. Bold strategies must be put in place, and the Brussels Conference must take an innovative and pragmatic approach to be a success not only as a Conference but also in terms of the subsequent implementation of the bold strategies. Of course, until the developed countries removed tariff and non-tariff barriers, no such success would be possible. For example, UNCTAD's generalized system of preferences was ineffective, since the LDCs' supply capacity was limited, particularly for industrial products, and since preferences were determined by the developed countries, without there being any obligation. The meagre economic progress in LDCs was a matter of concern, and the Conference needed to

engage in parallel processes involving the LDCs, the United Nations system and donor constituencies. Recommendations on policy reforms from the different multilateral players must be better coordinated and more consistent.

16. The **representative of Switzerland** said that the weakness of the Programmes of Action adopted earlier was that they were vague and diffuse, and it was important that the new Programme of Action be more focused. Document A/CONF.191/IPC/12 provided more questions than answers, and finding answers to the questions posed would advance the work of the Intergovernmental Preparatory Committee. In this context, document A/CONF.191/IPC/13 provided very interesting inputs to be built on in the course of the process. He supported the bottom-up approach but insisted that national-level programmes should be country-specific and should not duplicate other existing and valuable plans and strategies, e.g. PRSPs, CDFs or CCA/UNDAF. He felt that certain elements e.g. good governance and human rights, had not been treated sufficiently that they deserved more in-depth analysis. There was also a need to highlight issues related to comparative advantage and the role of regional and sub regional cooperation. While certain issues such as ODA were very important, other issues such as market access should not be sidelined. Finally, it was essential that other international organizations such as the UN Funds and Programmes, as well as the World Bank and IMF should participate fully in the preparatory process. Important initiatives, such as the HIPC initiative must be taken into account.

17. The **representative of Burkina Faso** expressed appreciation for the quality of the report of the High-level Panel. It might be true that the LDCs were little acquainted with the Programme of Action for the 1990s, but it was also important to take account of the level of interest of development partners in the Programme. The way in which the Paris Programme of Action had been formulated had not permitted real ownership by the LDCs, and the Programme had not been derived from national programmes. The process now under way was different and featured encouraging innovations. It would, however, be important to clarify the role of regional coordinators and provide them with the necessary resources. The coordinators' missions to the LDCs should also be better planned, in close cooperation with UNDP field offices, to ensure that national committees were informed in good time. National preparatory committees should be strengthened through continued representations by the Conference secretariat to the European Union to obtain the disbursement of resources. Finally, the various initiatives (World Bank Poverty Reduction Strategy Papers, UN Development Assistance Fund) should be better coordinated at the national level in order to produce consistent documents in terms of national priorities.

18. The **representative of Benin** welcomed the report of the High-level Panel. There was a dearth of information regarding the implementation of the Programme of Action for the 1990s, in particular the link between the global programme and country-level programmes. His country was extremely interested in developing appropriate benchmarks and indicators at both the national and the global level for the implementation and evaluation of the forthcoming Programme of Action. It was worried about the weak productive capacity of LDCs and suggested that one of the priority areas on which the Programme of Action should focus should be enhancing that capacity; even if LDCs were given market access, they would not benefit if they did not have any products to export. Finally, regional cooperation and integration had great potential in terms of improving the situation of LDCs.

19. The **Secretary-General of the NGDO-EU Liaison Committee**, which had met from 24 to 26 July at United Nations Headquarters in New York, read a statement in which the 50 NGO delegates from both South and North expressed support for the cause of LDCs. In their view, the Conference should adopt a coherent global framework for the eradication of poverty, tackle increasing global inequality, and ensure rights based on development. The Paris Conference for the LDCs held in 1981 and 1990 had achieved meager results, and there was a danger that the Third Conference would do nothing but reiterate a hollow set of promises.

20. The NGOs believed that the causes of poverty should be analysed and a concrete Programme of Action to break the cycle of poverty in LDCs should be adopted. Action must also be taken to combat HIV/AIDS, which was undermining development efforts in many LDCs. Some LDCs were rich in mineral wealth, but their development was held back by civil wars. Conflicts were also fueled by international trade in arms produced in the North.

21. For the LDC III Conference to succeed, a break-through was required based on the fulfillment of five basic needs: food security; education; housing; health; and a living wage. But to achieve such objectives, there must be shared responsibility on the part of LDCs and their development partners. Within the donor community, it should be realized that the current model of free market economics had not worked for LDCs, that there needed to be a fundamental rethinking of the strategy and that debt simply must be cancelled. The G.8 Summit in Okinawa had produced no new push on this key issue. In LDCs, Governments needed to recover their moral authority through good governance in order to strengthen their hand in global negotiations, and they had to create a spirit of solidarity among themselves, developing a common agenda and building a common front on vital issues. Finally, the structure of the Conference should be integrative, rather than follow the proposed separate two-track parallel process.

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Agenda item 7

DRAFT REPORT OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE ON ITS FIRST SESSION

New York, 24 - 28 July 2000

Rapporteur: Mr. R. T. Dogani (United Republic of Tanzania)

Addendum

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00-55642

Chapter I

SUBSTANTIVE PREPARATIONS FOR THE CONFERENCE

(Agenda item 3)

(b) Assessment of progress in the implementation of the Programme of Action during the 1990s at the country level

1. The **representative of Lesotho** said that poverty reduction remained a key priority for his country. In that connection, he welcomed the agreement between the heads of the six core agencies during the Integrated Framework Meting on 6 July to integrate trade, trade-related technical assistance and capacity-building into national development strategies of LDCs through the World Bank Poverty Reduction Strategy Papers. There was a crucial need to ensure and enhance coordination among all stakeholders in the framework of the preparatory process for LDC III. It was also important to ensure support for the Trust Fund for trade-related technical assistance by all relevant agencies and at all levels.

2. The **representative of Korea** said that, despite improvements in their economic performance in recent years, many LDCs faced grave uncertainty about their development prospects in the new Millennium. The difficulties facing LDCs were multidimensional, and included political instability, natural and other disasters, and vulnerability to external shocks. The principle of shared responsibility embodied in the Programme of Action for the 1990s was still valid. LDCs should continue to do their part for their own development, particularly by undertaking macroeconomic and structural reforms. There were at least four components of national policy that could ensure sustainable growth: respect for democracy and market principles; determination to carry through tough socioeconomic reforms; consistent economic policy and transparency and accountability in policy-making. These conditions were essential to attract external resources. For their part, the development partners must provide the necessary support for the LDCs' domestic efforts.

3. The **representative of Yemen** said that his country was experiencing difficulties in securing funds during the preparatory process. Yemen has so far received no funding for the country-level preparation in spite of having taken a series of actions such as establishing the National Preparatory Committee (NPC) and preparing the national programme of action. Concerning future events, at the national level, a clear timeframe for the main events such as organization of workshops and roundtables should be specified. Finally, he inquired why Yemen had been omitted from the list of Asian LDCs in document A/CONF.191/IPC/10.

4. The **representative of France, speaking on behalf of the European Union**, took note of the good spirit of cooperation that existed between the LDCs, their development partners and the agencies of the United Nations system. This concept of partnership must continue, as it was fundamental for the success of the preparatory process and of the Conference itself. It was important to determine the outcome of the 1990s Programme of Action, as well as the prevailing situation, in order to be able to draw up a new Programme of Action that had the support of all, including the populations of the LDCs. The Programme of Action should be simple, so as to be able to be understood by those for whom it was made, and it must contain quantifiable objectives that could be seen and understood by all. The exercise must benefit from the different global Conferences that had been held as well as, at the country level, from the different studies and reports that had been prepared by various agencies. UNDP in particular should be more involved, as its development experience could benefit LDCs greatly.

5. The **representative of Turkey** said that foreign assistance should serve to promote domestic growth and long-term economic development and transformation, so that eventually the LDCs could reduce their dependence on aid. However, ODA was declining and a reversal of this trend was uncertain. Many LDCs had been unable to meet their debt obligations, and declining commodity prices were likely to reduce export earnings for many LDCs. Turkey was aware of the risk of further marginalization of LDCs in the globalizing world economic and trading system, and it had announced its intention to introduce additional preferential measures in favour of LDCs. Its decision to introduce duty-free treatment for more than 550 products originating in LDCs had been notified to the secretariats of WTO and UNCTAD. Finally, the Third Conference should identify the critical constraints which impeded the development of LDCs and indicate the appropriate policies and measures to overcome these constraints.

6. The **representative of Sudan** said that poverty reduction and eradication remained a top priority for all LDCs. He welcomed the preparatory work carried out by the secretariat and hoped that LDC III would be a turning point. Financial difficulties had arisen in the process of preparing country-level programmes of action, and UNCTAD should assist in identifying a solution to the financial problem. He stressed the importance of ensuring coherence between the policies of the World Bank, IMF and the WTO. He referred to the necessity of streamlining the integration of LDCs in the multilateral trading system, especially those 19 LDCs which had not yet joined the WTO.

7. The **representative of Kenya** said that monitoring and coordination were crucial to implementation. LDCs required new financial resources for capacity-building and infrastructural development, and this would help to remove constraints, promote growth and reduce poverty. Trade barriers should be removed to improve market access, and LDCs should implement conducive macroeconomic policies. NGOs and the private sector should be given the support they required.

8. The representative of the **United States of America** underlined the importance of the issues discussed at the meeting, and noted that the preparations for LDC III provided a useful opportunity to enhance the dialogue in the international community about supporting the most disadvantaged countries. He referred to the diversity of national and international constraints faced by the LDCs and the impact of these constraints on the countries. He noted that the causes of poverty in the LDCs differed greatly from one country to another. They could involve structural handicaps or socio-political instability. He called for further work to analyse these constraints and formulate responses in the context of the upcoming Conference.

9. The **representative of China** recognized that LDCs faced many difficulties in their socio-economic development, and they had been further marginalized in the process of economic globalization. Most of them were almost completely ignored by transnational corporations. The international community must therefore increase its support for this group of countries, and it should honour past commitments with respect to aid, debt and trade. China itself made considerable efforts to support the LDCs, and the international community as a whole should be prepared, in the context of LDC III, to assist the LDCs in the implementation of their national programmes of action.

10. The **representative of Guinea** said that the Plan of Action for the 1990s had been forgotten, as no follow-up mechanism had been put in place. In order to avoid the mistakes of the past, it would be important to make sure that resolutions were implemented; the document was understood by all, and that donor countries honoured their commitments, as LDCs could do nothing without ODA. There must be a balance between domestic activities and external funding commitments.

11. The **representative of Canada** said that the difficulties faced by the LDCs in their endeavours to implement the Programme of Action for the 1990s had several causes, including the problem of ownership. It was therefore clear that the LDCs must feel that the preparatory work for the Conference was their work in the first place and the Programme of Action was their Programme. The new Programme should be prepared on the basis of what existed in order to avoid the preparation of a "parallel plan" that would lead nowhere. Canada believed that the focus should be on the reduction of poverty, and that a balance should be struck between domestic preoccupations and external concerns. The Programme should reflect internal problems and should also contain external commitments. It was the interaction between internal and external issues that would govern the success of the implementation of the Programme of Action.

12. The **representative of ESCAP** proposed that the new Programme of Action establish an institutional monitoring mechanism whereby governments, the regional commissions and the United Nations agencies could monitor activities on an ongoing basis, in order to ensure the smoother implementation of the Programme of Action. ESCAP, along with UNDP, the World Bank and other international organizations would be happy to participate in monitoring and implementation activities.

13. The **Executive Secretary of LDC III**, responding to issues raised, indicated that her Office had coordinated the preparatory process for LDC III at the regional level through activities of regional coordinators for English-speaking African LDCs, French-speaking African LDCs, and Asian and Pacific LDCs. Members of the High-level Panel had visited both LDCs and donor countries.